

Company Registration No. 05318349 (England and Wales)

HOP AUCTIONS.COM LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
PAGES FOR FILING WITH REGISTRAR

HOP AUCTIONS.COM LIMITED

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HOP AUCTIONS.COM LIMITED

BALANCE SHEET

AS AT 31 MARCH 2018

		2018		2017 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		443,971		437,538
Investments	5		50		50
			<u>444,021</u>		<u>437,588</u>
Current assets					
Stocks		747,087		1,025,556	
Debtors	6	525,985		510,988	
		<u>1,273,072</u>		<u>1,536,544</u>	
Creditors: amounts falling due within one year	7	(2,600,389)		(2,542,884)	
Net current liabilities			<u>(1,327,317)</u>		<u>(1,006,340)</u>
Total assets less current liabilities			<u>(883,296)</u>		<u>(568,752)</u>
Creditors: amounts falling due after more than one year	8		(239,030)		(173,826)
Provisions for liabilities			<u>(12,862)</u>		<u>(9,367)</u>
Net liabilities			<u><u>(1,135,188)</u></u>		<u><u>(751,945)</u></u>
Capital and reserves					
Called up share capital	9		300		300
Profit and loss reserves			<u>(1,135,488)</u>		<u>(752,245)</u>
Total equity			<u><u>(1,135,188)</u></u>		<u><u>(751,945)</u></u>

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 March 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

HOP AUCTIONS.COM LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2018

The financial statements were approved by the board of directors and authorised for issue on 27 March 2019 and are signed on its behalf by:

Mr P Askew
Director

Company Registration No. 05318349

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Hop Auctions.Com Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 Boothferry Road, Howden, East Yorkshire, DN14 7EF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements are prepared on the going concern basis. The director is hopeful that the company will continue in operational existence for the foreseeable future. However, the director is aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern. The company has suffered significant misappropriation of funds over several years. The effects have been estimated and the financial statements have been adjusted accordingly including a £1.4m prior period adjustment. The resulting losses are attributable to these exceptional items and the director is confident that the underlying business is very profitable. In view of the net current liabilities, net liabilities and ongoing negotiations with the company bank and HMRC, there are key uncertainties, however it is too early to determine the possible outcome of such negotiations, and hence future support/funding.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	15.0% reducing balance
Fixtures, fittings & equipment	15.0% reducing balance
Computer equipment	33.3% reducing balance
Motor vehicles	25.0% reducing balance
Containers	10.0% reducing balance
Tenant improvements	4% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2 Exceptional costs/(income)

	2018 £	2017 £
	<u> </u>	<u> </u>
Defalcations	699,655	762,562
	<u> </u>	<u> </u>

The exceptional item in both years relates to the misappropriation of funds. The matter is still under consideration, including the tax implications of the defalcations.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 11 (2017 - 9).

4 Tangible fixed assets

	Plant and machinery £	Tenant improvements £	Total £
Cost			
At 1 April 2017	208,910	418,838	627,748
Additions	37,474	-	37,474
Disposals	(5,300)	-	(5,300)
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2018	241,084	418,838	659,922
	<u> </u>	<u> </u>	<u> </u>
Depreciation and impairment			
At 1 April 2017	142,489	47,721	190,210
Depreciation charged in the year	15,307	9,986	25,293
Impairment losses	3,620	-	3,620
Eliminated in respect of disposals	(3,172)	-	(3,172)
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2018	158,244	57,707	215,951
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 March 2018	82,840	361,131	443,971
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2017	66,421	371,117	437,538
	<u> </u>	<u> </u>	<u> </u>

5 Fixed asset investments

	2018 £	2017 £
	<u> </u>	<u> </u>
Investments	50	50
	<u> </u>	<u> </u>

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

5	Fixed asset investments	(Continued)	
	Movements in fixed asset investments		Shares in group undertakings and participating interests
			£
	Cost or valuation		
	At 1 April 2017 & 31 March 2018		50
			<hr/>
	Carrying amount		
	At 31 March 2018		50
			<hr/>
	At 31 March 2017		50
			<hr/>
6	Debtors	2018	2017
		£	£
	Amounts falling due within one year:		
	Trade debtors	463,853	446,609
	Other debtors	62,132	64,379
		<hr/>	<hr/>
		525,985	510,988
		<hr/>	<hr/>

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	613,021	644,061
Trade creditors	186,640	347,616
Amounts owed to group undertakings and undertakings in which the company has a participating interest	162,370	124,704
Corporation tax	659,636	592,361
Other taxation and social security	709,832	575,308
Other creditors	268,890	258,834
	<u>2,600,389</u>	<u>2,542,884</u>

The bank loans and overdraft are secured by:

a debenture over all the assets of the company in favour of National Westminster Bank plc dated 01 April 2008 and,

an intercompany guarantee limited to £947,000 between the company, Hopkinsons Fair Deals Limited, and Hopkinsons Fairdeals Remarketing LLP.

Loans included in other creditors are secured on specific items of stock.

8 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loans and overdrafts	145,633	169,402
Other creditors	93,397	4,424
	<u>239,030</u>	<u>173,826</u>

Other creditors include £93,397 in respect of hire purchase agreements. The liability is secured on the assets held under such agreements.

Creditors which fall due after five years are as follows:

	2018 £	2017 £
Payable by instalments	(53,423)	69,076

9 Called up share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
300 Ordinary shares of £1 each	300	300
	<u>300</u>	<u>300</u>

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9 Called up share capital

(Continued)

10 Financial commitments, guarantees and contingent liabilities

As disclosed in notes 1.2, 2, and 13 to these financial statements, the company has been subject to the misappropriation of funds and is unlikely to recover any of the said defalcations. The matter is still under consideration, including the tax implications which may or may not result in further liabilities arising on the company. It is too early at this stage to estimate the likelihood of this happening or the potential amount(s) involved.

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2018	2017
	£	£
	92,110	108,449

12 Directors' transactions

Dividends totalling £0 (2017 - £0) were paid in the year in respect of shares held by the company's directors.

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Loan advances to P Askew	-	5,714	18,535	(25,000)	(751)
Loan advances to M Askew	-	156	20,696	(22,217)	(1,365)
		5,870	39,231	(47,217)	(2,116)

13 Prior period adjustment

This relates to the estimated net tax effect of the misappropriation of funds in years prior to 1st April 2017, and consequent overvaluation of stock. The matter is still under consideration, however this is the director's best estimate at this stage.

HOP AUCTIONS.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13

Prior period adjustment

(Continued)

Reconciliation of changes in equity

	1 April 2016 £	31 March 2017 £
Equity as previously reported	787,723	625,152
Adjustments to prior year		
Overvaluation of stock	(226,222)	(258,597)
Corporation Tax including interest & penalties	(432,000)	(578,500)
VAT including interest & penalties	(384,156)	(540,000)
	<u></u>	<u></u>
Equity as adjusted	<u>(254,655)</u>	<u>(751,945)</u>

Reconciliation of changes in loss for the previous financial period

	2017 £
Loss as previously reported	(12,571)
Adjustments to prior year	
Overvaluation of stock	534,343
Corporation Tax including interest & penalties	(106,500)
VAT including interest & penalties	(762,562)
	<u></u>
Loss as adjusted	<u>(347,290)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.